

OPERATING AGREEMENT

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AGREEMENT made the 6 day of May, 1986.

BETWEEN: CANADA MORTGAGE AND HOUSING CORPORATION
hereinafter called "CMHC"

- and - NEW BRUNSWICK HOUSING CORPORATION
hereinafter called "NBHC"

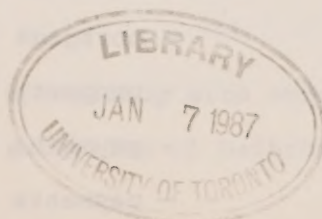
WHEREAS the Government of Canada ("Canada") and the Government of New Brunswick ("New Brunswick") have entered into a Global Agreement on Social Housing ("the Global Agreement") dated the 16th day of April 1986 enabling the parties thereto to share the cost of any social housing programs or initiatives which they wish to foster jointly;

AND WHEREAS Canada and New Brunswick have agreed in the Global Agreement to cause this Operating Agreement to be entered into for the purpose of carrying into effect the principles of the Global Agreement;

AND WHEREAS the Global Agreement applies to programs delivered through housing agencies defined in this Agreement;

AND WHEREAS CMHC and NBHC are housing agencies of Canada and New Brunswick respectively.

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto, in consideration of the mutual covenants hereinafter contained, agree each with the other as follows:



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1. DEFINITIONS

- (a) The definitions contained in the Global Agreement shall apply to this Agreement.
- (b) "Active Party" means the party responsible for the delivery and administration of a program.
- (c) "Adjusted Income" means adjusted household income as described for each program in Schedule A.
- (d) "Administration" means all activity associated with a given program after a project's Interest Adjustment Date or commencement of subsidy assistance, including loan, project and agreement administration.
- (e) "Affordable dwelling" for purposes of determining Core Housing Need means a dwelling for which basic shelter costs are less than 30% of a household's income, as defined in 1(r).
- (f) "Average market rent" means average basic shelter costs in a specific geographic area for unsubsidized, non-farm, rental dwellings where rent is reported as greater than zero and where no rent is attributable to commercial space.
- (g) "Basic shelter costs" for homeowners for purposes of determining Core Housing Need means the following costs associated with a household's principal residence:
 - mortgage payment of principal;
 - mortgage payment of interest;
 - property taxes;
 - payments for oil, gas, coal, wood or other fuels;
 - payments for electricity

- payments for water, sewerage and related costs;
- payments for regular maintenance and repair.

"Basic shelter costs" for renter households for purposes of determining Core Housing Need means the following costs associated with a household's principal residence:

- rent;
- payments for oil, gas, coal, wood or other fuels, electricity, water, sewerage and related costs.

- (h) "Budgetary Expenditures" means transactions which affect the deficit or surplus of the Governments of Canada or New Brunswick including subsidy assistance, net operating losses, loan forgiveness or recovery of non-budgetary expenditures and administrative expenditures. For expenditure by New Brunswick, "Budgetary Expenditures" means transactions which affect the Ordinary Account of the Province of New Brunswick.
- (i) "Commitment" means a written undertaking to finance or subsidize a specifically identified unit or project and to incur budgetary or non-budgetary expenditures related thereto.
- (j) "Cost-Sharing" means the sharing between Canada and New Brunswick of the eligible program costs covered by this Agreement according to the terms, conditions, frequency of payments and method or methods of calculation as set out in this Agreement and in Schedule A.
- (k) "Crowded dwelling" means a dwelling with more than one person per room with the exception of bathrooms, halls,

pantries and closets, and any rooms used for business purposes; all rooms in the dwelling considered separate by the household are counted.

- (l) "Delivery" means all activity associated with a given program prior to a project's Interest Adjustment Date or commencement of subsidy assistance. This includes direct dealings with clients or the overseeing of a sponsor or delivery agent who deals directly with the client.
- (m) "Federal Assistance" means a contribution, grant, subsidy, interest free or interest reduced loan or forgivable loan made by CMHC for the purposes of this Agreement.
- (n) "Financing Interest" means the interest charges on net disbursements made by the Active Party on behalf of the other party.
- (o) "Global Agreement" means the enabling document referred to in the recitals above and signed by Canada and New Brunswick on the 16th day of April 1986.
- (p) "Housing Agency" means CMHC, NBHC, or any other Provincial agency, municipality, non-profit corporation or Native organization with whom CMHC or NBHC may enter into agreements to carry out any program or initiative covered by the Global Agreement and this Agreement.
- (q) "Inadequate dwelling" means a dwelling needing major repairs or lacking basic facilities. Major repairs include, but are not limited to, defective plumbing, defective electrical wiring, structural repairs to

walls, floors, ceilings. Basic facilities are hot and cold running water, an indoor toilet and a bathtub or shower.

- (r) "Income", for purposes of determining Core Housing Need, means total income (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.
- (s) "Native" means Metis, non-status Indian, Indian as defined in the Indian Act or Inuit.
- (t) "Non-Budgetary Expenditures" means transactions which will be reflected in the accounts of Canada or New Brunswick as an increase or decrease of assets and which will not increase or decrease their surplus or deficit. This includes loans or investments. For expenditures by New Brunswick, "Non-Budgetary Expenditures" means transactions which affect the Loans and Advances Account of the Province of New Brunswick.
- (u) "Planning and Monitoring Committee" means the committee cited in the Global Agreement and described in section 7 of this Agreement.
- (v) "Priority Groups" means all those households in Core Housing Need, as defined in the Global Agreement.
- (w) "Provincial Assistance" means a contribution, grant, subsidy, interest free or interest reduced loan or forgivable loan made by New Brunswick for the purposes of this Agreement.

- (x) "Renovation" means any work undertaken on an existing dwelling, including repair, rehabilitation, improvement or conversion of the dwelling.
- (y) "Rural" means rural areas or communities having a population of 2500 persons or less, unless otherwise specified in Schedule A.
- (z) "Special purpose housing" means hostel or self-contained housing, used as a principal residence, which includes on-site care services and facilities, excluding food, related to residents' common physical, social and emotional condition or disability.
- (aa) "Suitable dwelling" for purposes of determining Core Housing Need, means a dwelling which can accommodate a household according to the following household size/ dwelling size relationship: 1 person - studio; 2 people - 1 bedroom; 3-4 people - 2 bedrooms; 5 or more people - 3 or more bedrooms.
- (bb) "Urban" means communities having a population of more than 2500 persons, unless otherwise specified in Schedule A.
- (cc) The definitions contained in the National Housing Act shall apply to this Agreement.

2. SCOPE OF THE OPERATING AGREEMENT

- (a) The recitals herein shall form an integral part of this Agreement.

- (b) This Agreement applies to the acquisition, development, construction, renovation and provision of projects; assistance for households; and to the delivery and administration of programs covered herein.
- (c) This Agreement applies to all new commitments made under the following programs and any future programs of CMHC and NBHC which are consistent with the goals and objectives of the Global Agreement and are agreed to between the parties:
- Non-Profit Housing Program, Public and Private
 - Rent Supplement Program
 - Homeowner Residential Rehabilitation Assistance Program/Home Improvement Loan Program
 - Residential Rehabilitation Assistance Program for the Disabled
 - Rural and Native Housing Program/Basic Shelter Program
- (d) The parties will continue discussions with respect to the Rental Residential Rehabilitation Assistance Program with a view to provincial cost-sharing and delivery of that program effective 1 January, 1987.
- (e) NBHC will deliver the Rural and Native Housing and the Basic Shelter Programs as parallel programs in 1986, as set out in Schedule A. The parties agree to continue working towards a single melded program, to be cost-shared on at least a 75/25 basis and delivered by NBHC, starting 1 January, 1987.
- (f) The Global Agreement enables either party to initiate or develop new programs which may be cost-shared by them with the approval of the other party. Whenever

Canada or New Brunswick wishes to initiate a new program which is to be cost-shared they shall provide a description of such program to be included as part of Schedule A to this Agreement. This Schedule shall be duly reviewed and, once approved, signed by NBHC and CMHC and will include further details such as administrative and financial arrangements, and other program details which are necessary.

3. FEDERAL RESPONSIBILITIES

(a) Within the limits of approved budgets CMHC agrees:

- i) to insure loans made by approved lenders for capital financing for housing projects under Part I of the National Housing Act;
- ii) to make loans under Section 34.1 and 34.15 of the National Housing Act for the purposes established in this Agreement;
- iii) to provide loan forgiveness under Sections 34.11 of the National Housing Act;
- iv) to provide contributions or loans pursuant to Section 34.16 of the National Housing Act for the purpose described therein;
- v) to make contributions pursuant to Section 34.161 of the National Housing Act toward payment of housing expenses;
- vi) to make loans under Section 37.1 of the National Housing Act for proposal development funding;

- vii) to make grants available pursuant to paragraph 37(1)(e) of the National Housing Act for training programs or educational facilities;
 - viii) to make Rural and Native housing projects available pursuant to Section 40 of the National Housing Act in accordance with an agreement entered into under that section;
 - ix) to make housing projects available pursuant to Section 55 of the National Housing Act;
 - x) to make contributions pursuant to Section 56.1 of the National Housing Act to eligible contribution recipients to enable them to meet the costs of rental accommodation and reduce the rentals thereof.
- (b) All loans, contributions and other assistance referred to in subsection (a) shall be subject to the provisions of the Act, this Agreement and the Global Agreement.
- (c) With the agreement of both parties, CMHC may deliver and administer programs where those programs are cost-shared by NBHC.

4. PROVINCIAL RESPONSIBILITIES

- (a) Within the limits of approved budget, NBHC agrees;
- i) to make loans under Section 10 (1) (f) of the New Brunswick Housing Act for the purpose of assisting in the construction of owner-occupied single family housing units;

- ii) to make loans under Section 10 (1) (g) of the New Brunswick Housing Act for the purpose of assisting in the improvement of, or addition to, owner-occupied single family housing units;
 - iii) to make a contribution under Section 10 (1) (h) of the New Brunswick Housing Act to a person to whom a loan was made under the National Housing Act for the purpose of repair and rehabilitation of family housing unit;
 - iv) to make low income housing available pursuant to Section 10 (2) (e) of the New Brunswick Housing Act.
 - v) to provide housing projects pursuant to Section 10 (2) of the New Brunswick Housing Act.
 - vi) to enter into agreements with CMHC for the purposes described in Section 10 (2) (i) and (j) of the New Brunswick Housing Act.
- (b) All loans, contributions and other assistance referred to in subsection (a) shall be subject to the provisions of this Agreement and of the Global Agreement.
- (c) With the agreement of both parties, NBHC may assume responsibility for the delivery and administration of any program covered by this Agreement where the Province makes an acceptable financial contribution and where it can be identified that continuity will be assured, that unnecessary duplication will be avoided and where cost-effectiveness will be promoted, in order to best respond to the geographic, historic and economic environments of New Brunswick.

5. JOINT RESPONSIBILITIES

- (a) Both Parties agree to participate in the joint planning process described in Section 8 of this Agreement.
- (b) Both Parties shall share eligible program costs as set out in Schedule A to this Agreement.

6. RESPONSIBILITIES OF THE ACTIVE PARTY

- (a) The Active Party shall assume responsibility for on-going program administration for any program which it delivers under the terms of this Agreement.
- (b) The Active Party shall direct assistance under such programs to eligible clients for each program as specified in Schedule A. Over any three-year period the Parties may direct no more than an average of 10 percent of New Brunswick's total allocation for the Non-Profit Housing, Rural and Native Housing Homeownership and Rental, Urban Native Non-Profit Housing and Rent Supplement Programs to special purpose housing.
- (c) The Active Party shall deliver and administer such programs in accordance with the National Housing Act, the Regulations thereunder, the New Brunswick Housing Act, the Regulations thereunder, the provisions of Schedule A and jointly agreed upon guidelines for each program.
- (d) The Active Party shall ensure access to delivery of such programs by sponsors, delivery groups or agents specified in Schedule A for each program.

(e) The Active Party shall agree:

- i) to establish and implement program procedures, to deliver and administer programs in an efficient and effective manner;
- ii) to undertake, inter alia, the assessment of project feasibility, project selection, project development, inspection, certification of project commitment, client selection, development of occupancy guidelines, verification of occupant incomes, approval of project annual operating budgets, calculation of eligible project costs, and loan, subsidy and project administration.

(f) The Active Party shall provide, on a timely basis, all information outlined in this Agreement and Schedules A and C to ensure program objectives and information accountability of both the federal and provincial governments, including financial requirements, are met.

(g) The Active Party shall be responsible for ensuring the program objectives and guidelines are met, consistent with the Global Agreement and this Agreement.

(h) The Active Party shall meet the information requirements of the other Party with respect to program delivery and administration, in a manner acceptable to the latter, as set out in Schedule A.

7. PLANNING AND MONITORING COMMITTEE

(a) CMHC and NBHC shall establish a Planning and Monitoring Committee which they shall chair jointly.

- (b) CMHC's co-chairperson shall be the Provincial Director for New Brunswick and NBHC's co-chairperson shall be the President of NBHC.
- (c) The Committee shall meet no less than four times annually and shall meet at the call of either co-chairperson.
- (d) The mandate of the Planning and Monitoring Committee shall be to conduct the joint planning process described in Section 8 and to monitor the implementation and achievements of the three-year plan.
- (e) The functions and responsibilities of the Planning and Monitoring Committee shall include:
 - i) reviewing the three-year plan prepared by NBHC for those programs where NBHC is the Active Party, in accordance with the provisions of Section 8.
 - ii) reviewing the three-year plan prepared by CMHC for those programs where CMHC is the Active Party, in accordance with the provisions of Section 8.
 - iii) proposing revisions to the consolidated three-year plan;
 - iv) reviewing on a regular basis the progress during the year of the implementation of the plan, including budgetary and non-budgetary expenditures and their related cash flows;

- v) undertaking a thorough annual analysis of the achievement of the objectives set out in this Agreement and put into effect through the three-year plan;
- vi) undertaking a review of and following-up on operational audit plans and recommendations;
- vii) proposing modifications to the programs covered by this Agreement, and to program guidelines including adjustments to market rents and Maximum Unit Prices;
- viii) monitoring conformity with the provisions for publicity and information outlined in Section 18 of this Agreement;
- ix) providing a forum for the sharing of information resulting from research, studies, surveys and other activities;
- x) monitoring compliance with the Global Agreement and this Agreement, including the identification of contentious issues or failure to comply with the terms and conditions of both Agreements;
- xi) such other functions and responsibilities as the parties may mutually agree upon.

8. JOINT PLANNING PROCESS

- (a) NBHC and CMHC shall undertake a joint planning process for the purpose of developing an ongoing three-year plan which identifies the most cost-effective and

appropriate social housing strategy to meet the objectives of the Global Agreement and Schedules to this Agreement.

(b) The Planning and Monitoring Committee shall undertake the following functions:

i) the exchange of data, research, survey results and any other information relevant to the determination of social housing needs and market conditions;

ii) the recommendation by the geographic areas listed below, of the need by priority groups for new or acquired housing, rent supplement assistance and renovation assistance and of the need for special purpose accommodation, and the development of the most appropriate strategy to address those needs:

- The counties of Northumberland, Restigouche and Gloucester.
- The counties of Albert, Westmorland and Kent.
- The counties of Saint John, Charlotte and King.
- The counties of Carleton, Sunbury, Queens and York.
- The counties of Victoria and Madawaska.
- Saint John CMA.

iii) the recommendation of a proposed level of annual activity over the three-year period, for each geographic area, for each program covered by this Agreement, taking into account the identified needs, the activities in prior years of the plan,

social housing programs of either party not covered by this Agreement, and factors affecting delivery capability;

- iv) the forecasting of annual budgetary and non-budgetary requirements over the three-year period, for each program covered by this Agreement in a manner acceptable to CMHC and to NBHC as outlined in Schedule A;
 - v) the review of a proposed consolidated three-year plan covering each year of the planning period.
- (c) A Native Housing Tripartite Management Committee will be established. The Committee will consist of senior representatives from NBHC, the provincial Native organization or association, and the Provincial Director of CMHC. The Committee will provide a forum for carrying out the functions identified in 8(b)(i) to (iii) for the native component of Rural and Native Housing Programs and the results incorporated into the proposed three-year plan.
- (d) Members of the Planning and Monitoring Committee shall submit the proposed consolidated three-year plan to their respective agencies for required approvals.
- (e) CMHC and NBHC, respectively, shall seek the necessary budgetary authorities on the basis of the approved three-year plan, and shall communicate receipt of authorized annual budget levels to the other party.

- (f) The approved three-year plan and annual budget authorities shall be appended to this agreement as Schedule B and shall be updated annually.
- (g) Members of the Planning and Monitoring Committee shall submit to their respective agencies for required approvals, any proposed major changes affecting allocations to client groups and geographic areas or any proposed increases to approved budgetary or non-budgetary requirements identified in the approved three-year plan. Changes to allocations among programs are subject to the provisions of Section 13 of this Agreement.
- (h) The joint planning process shall be undertaken in accordance with the calendar contained in Schedule C.

9. INFORMATION REQUIREMENTS

- (a) Subject to 9(c) below, the Active Party shall collect and make available to the other party all information, including financial requirements, necessary to ensure program objectives and accountability requirements of both parties are met. This information will be provided at specified intervals, during the planning, delivery, commitment and post-commitment stages and for the duration of federal and provincial financial assistance to a project.
- (b) The Active Party agrees to provide, from time to time, to the other party such additional information needed to enable both parties to be accountable for actions taken under the programs.
- (c) The information requirements specific to individual programs are outlined in Schedule A.

10. EVALUATION

- (a) The parties may undertake, where possible, joint program evaluations, in accordance with the provisions of Subsection 4.5 of the Global Agreement.
- (b) Evaluations shall be undertaken for each program covered by this Agreement, on a cyclical basis at three to five year intervals.
- (c) Program evaluations shall be undertaken to determine the continued need for programs, their effectiveness in meeting objectives, their results and impacts and alternative program design and delivery features.
- (d) Program evaluations shall be based on information available on an on-going basis, as outlined in Schedule A, as well as periodic surveys, research studies and other sources of data and analysis. Any such studies, when undertaken for joint evaluations, shall be cost-shared by the parties. Where evaluations are undertaken by one party individually, the parties shall cooperate fully with each other in collecting and sharing information.
- (e) In order to identify information requirements for program evaluations, the parties agree to develop plans for future evaluations, within six months of the signing of this Agreement.
- (f) Program evaluations undertaken jointly shall be done in accordance with the governing authorities of the parties' respective governments.

11. OPERATIONAL AUDITS

- (a) The parties shall undertake joint operational audits in accordance with the provisions of Sub-section 4.6 of the Global Agreement to determine whether the programs are being delivered and administered in accordance with the Global and Operating Agreements and the related guidelines.
- (b) Operational audit is an audit undertaken to assess the adequacy of management controls and processes; the propriety of transactions; the economy, efficiency and administrative effectiveness of delivery and administration systems; and the compliance by the Active Party to the terms and conditions of the agreements and program guidelines.
- (c) Operational audits shall be undertaken for each program covered by this Agreement on a cyclical basis within a four-year period.
- (d) The scope, timing, resources, and cost-sharing arrangements required for operational audits shall be mutually agreed upon.
- (e) The operational audits shall not duplicate other audits performed.
- (f) The parties agree to develop plans for the first cycle of operational audits within six months of the signing of this Agreement.

12. ALLOCATION

- (a) The allocation process shall be as outlined in Section 5.3 and Schedule 1 of the Global Agreement.
- (b) Over any three-year period no more than an average of ten percent (10%) of New Brunswick's total allocation for the Non-Profit Housing, the Rural and Native Housing Homeownership and Rental, the Urban Native Non-Profit Housing and Rent Supplement Programs may be used for special purpose housing.
- (c) The remaining social housing allocation shall be distributed among the programs covered by this Agreement as specified in the approved three-year plan.
- (d) Taking into account those aspects of the planning process listed in clause 8(b)(iii), the Active Party shall assist eligible clients within the priority groups with the intent to direct this assistance in accordance with their share of Core Housing Need relative to each other.
- (e) Within the core housing need income limits, the number of units directed to households at the upper income levels shall not exceed their proportionate share of need.
- (f) The Active Party shall assist Natives in accordance with the Native targets specified for each program. In New Brunswick, the Native target for the Rural and Native Housing Program/Basic Shelter Program and the rural component of the Homeowner Residential Rehabilitation Assistance Program is 6%.

13. REDISTRIBUTION OF FUNDS AND UNITS

Redistribution of funds or units among programs, but not between budgetary and non-budgetary allocations, may be made, subject to the following conditions:

- (a) The redistribution shall be permitted only with respect to the funds or units planned for year one of the three year plan as set out in Schedule B of this Agreement and consistent with the financial authorities of each party.
- (b) The Active Party may redistribute up to 10 percent of the allocation for those programs which it delivers and administers.
- (c) The Active Party shall notify the other party of all redistribution. Any redistribution which exceeds the limits specified must receive the prior approval of both parties.
- (d) CMHC shall take steps to review the existing controls over redistribution with the intent of providing increased flexibility.

14. INSURED LOANS

- (a) This section applies to the Non-Profit Housing Program for which financing is provided by approved lenders and insured by CMHC under Part I of the National Housing Act.

- (b) Where NBHC is the Active Party, NBHC shall be responsible, on behalf of CMHC, for the underwriting process for insuring loans provided by approved lenders, including site and plans examination, appraisal, cost estimates, determination of loan amount, and approval of financing terms and conditions.
- (c) Where NBHC is the Active Party, NBHC shall prepare a commitment letter to the lender for approval by CMHC. Where the commitment letter has been approved, CMHC shall issue to the lender an undertaking to insure, upon receipt from NBHC of a notice of commitment and submission by the approved lender of the required underwriting documentation.
- (d) The Active Party is responsible for authorizing all advances and undertaking inspections to ensure compliance with the plans and specifications and applicable building standards, and to determine the value of the work in place.
- (e) CMHC will issue an insurance policy to the approved lender upon notification by NBHC that the loan is fully advanced and the interest adjustment date has been set.
- (f) No application fees will be charged by CMHC or NBHC and no premium will be due to CMHC for the underwriting and issuance of the insurance policy.
- (g) Claims by approved lenders on the Mortgage Insurance Fund will be processed by CMHC pursuant to the National Housing Act, the National Housing Loan Regulations and applicable guidelines in effect from time to time.

- (h) CMHC and NBHC shall enter into an agreement regarding the cost-sharing of any costs which may be sustained by the Mortgage Insurance Fund. The agreement shall specify the terms and conditions for disposition of any properties acquired, based on the following cost-sharing principles:
 - i) NBHC and CMHC shall share the costs related to that part of a project assisted by CMHC under this Agreement according to the cost sharing arrangements for the program through which the project was assisted;
 - ii) NBHC shall assume all costs related to that part of a project not assisted by CMHC under this Agreement.

15. NON-BUDGETARY COMMITMENTS AND EXPENDITURES

- (a) This section applies to the Homeowner Residential Rehabilitation Assistance Program/Home Improvement Loan Program, the Residential Rehabilitation Assistance program for the Disabled, the Rural and Native Housing Program/Basic Shelter Program and Proposal Development Funding for the Non-Profit Housing Program for which non-budgetary expenditures are provided under Sections 34.1, 34.15, 34.16, 37.1, 40 and 55 of the National Housing Act.
- (b) NBHC and CMHC shall share eligible non-budgetary expenditures, in accordance with the provisions of Schedule A. Unless otherwise agreed to, neither party shall share any non-budgetary expenditures which are not included in, or which are in excess of, eligible program costs.

- (c) The Active Party shall approve commitments to incur non-budgetary expenditures and shall deliver to the other party a notice of commitment in accordance with the applicable schedule. Receipt of a notice of commitment shall be acknowledged in accordance with the applicable schedule.
- (d) Commitments shall be made at interest rates acceptable to both parties.
- (e) Prior to commitment of non-budgetary funds, the Active Party shall be responsible for reviewing applications and proposals to ensure compliance with criteria, as outlined for each program in Schedule A. No acquisition, construction, or renovation shall be started before a commitment has been approved.
- (f) During the advancing phase, the Active Party shall be responsible for ensuring that appropriate controls are in place and that, prior to authorizing any advance, the necessary requirements, as outlined for each program in Schedule A, have been met.
- (g) The parties shall not commit units or non-budgetary funds in excess of approved annual budgets contained in Schedule B. Any proposed increases to non-budgetary allocations shall be submitted through the Planning and Monitoring Committee to the respective agencies for the required approvals.
- (h) The budget period for non-budgetary commitments is the calendar year. To the extent that units and the related non-budgetary expenditures are not committed by the end of the budget year, they shall lapse.

- (i) Current year commitments, including increases with respect to commitments made in previous years, shall be applied against the current year allocation.
- (j) Where a commitment is cancelled or decreased during the year in which it has been made, the related commitment authority shall be credited to the budget for that year. Cancellations or decreases of commitments approved in a prior year shall not alter the current year's budget. Each commitment increase, cancellation, or decrease shall be reported by the Active Party to the other party, on a mutually acceptable form.
- (k) Except in extenuating circumstances, each to be mutually agreed upon, commitments shall lapse if construction or acquisition of a project, or renovation of a project has not been started within six (6) months of the date of the notice of commitment or approved application.

16. BUDGETARY COMMITMENTS AND EXPENDITURES

- (a) This section applies to budgetary commitments and eligible budgetary expenditures which shall be cost-shared by CMHC and NBHC for each program, as set out in Schedule A.
- (b) The Active Party shall approve commitments to incur budgetary expenditures and shall deliver to the other party a notice of commitment on a mutually acceptable

form. Where an insured loan is being sought, the notice of commitment shall be submitted to CMHC with the request for an undertaking to insure. Where an insured loan is not required, the Active Party shall deliver to the other party the notice of commitment in accordance with the applicable schedule. Receipt of a notice of commitment shall be acknowledged in accordance with the applicable schedule.

- (c) The parties shall not commit units or disburse amounts in excess of approved budgetary limits contained in Schedule B. Any proposed increases to budgetary allocations shall be submitted through the Planning and Monitoring Committee to the respective agencies for the required approvals.
- (d) The budget period for budgetary commitments is the calendar year and for budgetary expenditures is the fiscal year ended March 31. To the extent that units or budgetary commitments are not committed by December 31 and budgetary expenditures are not incurred by March 31, they shall lapse.
- (e) Unless otherwise agreed to, neither party shall share any budgetary expenditures which are not included in, or which are in excess of, the eligible program costs outlined in Schedule A, or which are incurred prior to commitment.
- (f) Current year commitments, including increases with respect to commitments made in previous years, shall be applied against the current year allocation.

- (g) Where a commitment is cancelled or decreased during the year in which it has been made, the related commitment authority may be credited to the budget for that year. Cancellations or decreases of commitments approved in a prior year shall not alter the current year's budget. Each commitment increase, cancellation, or decrease shall be reported by the Active Party to the other party on a mutually acceptable form.
- (h) Except in extenuating circumstances, each to be mutually agreed upon, commitments shall lapse if construction, acquisition or renovation of a project has not been started within six (6) months of the date of the notice of commitment or approved application.
- (i) Proceeds on the sale, demolition or destruction of assets under a program shall be shared in accordance with Schedule A.

17. FINANCIAL REPORTING AND CLAIMS SETTLEMENT

- (a) The Active Party shall submit all claims for settlement relating to budgetary and non-budgetary expenditures, net of any monies received, on a monthly basis within thirty (30) days of the end of the month to which the disbursements/receipts relate.
- (b) The Active Party shall be reimbursed by the other party for financing interest on net expenditures, as specified in Schedule A, provided that an interim settlement is submitted no later than thirty (30) days after the month in which the Active Party incurred the expenditures.

- (c) The Active Party shall pay financing interest on the other party's share of budgetary and non-budgetary receipts in a manner as specified in Schedule A.
- (d) Interim and final settlements shall be submitted in the format specified in Schedule A or as mutually agreed by both parties.
- (e) All claims for settlement shall be certified by a senior financial officer of the Active Party.
- (f) The Active Party shall submit to the other party by April 30 of each year, a statement of budgetary expenditures incurred but not disbursed, as at the preceding March 31.
- (g) The Active Party shall submit to the other party, by September 30, an audited final statement of expenditures by program for the previous year ended March 31. Should this statement not be received by September 30, the other party may retain a holdback on current year claims equal to 5% of the claims paid for the previous fiscal year. Notwithstanding section 17(b), no financing interest will be payable on this holdback.
- (h) The final statement of expenditures shall be audited by an auditor acceptable to both parties.
- (i) The auditor of the final statement of expenditures shall state whether the audit was performed in accordance with generally accepted auditing standards, whether the statement presents fairly the expenditures by programs, and whether the expenditures were incurred in accordance with the financial terms and conditions of the Operating Agreement and program guidelines.

18. PUBLICITY REQUIREMENTS

CMHC and NBHC will cooperate in the development and implementation of a program of public information and publicity respecting projects and programs funded pursuant to this Agreement that accurately reflects the respective roles and contributions of Canada and New Brunswick, with all costs related thereto being jointly shared. Without limiting the generality of the foregoing, such program will require that:

- (a) unless otherwise agreed by both Parties, during the course of carrying out work on any project, NBHC shall supply, erect and maintain a project sign specifying that the project is being financed by Canada and New Brunswick;
- (b) unless otherwise agreed by both Parties, upon completion of work on each project, NBHC shall supply, erect and maintain a sign or plaque to the effect set forth in clause (a);
- (c) NBHC shall inform CMHC of the tentative date of any ceremony related to programs and projects funded under this agreement thirty (30) working days prior to such date and shall ensure the Ministers responsible for NBHC and CMHC, and the Presidents of NBHC and CMHC are invited to any ceremonies associated with such programs and projects. Ceremony dates are to be mutually agreed to by both parties within ten (10) working days of receipt by CMHC of notice of the tentative date. In certain instances, the aforesaid time periods may be reduced upon the consent of both parties;

- (d) the format and means of distribution of any announcements and/or notifications to sponsor groups and/or the public at large, relating to this Agreement or to programs and projects at the global and/or individual conditional unit or project allocation stages, proposal development funding loan commitment stages, project approval and commitment of subsidy assistance stages, undertaken pursuant hereto, shall be mutually agreed upon and arranged jointly. The Active Party shall provide to the other party, for input and joint approval, drafts of such announcements and/or notifications fifteen (15) working days prior to release to all concerned recipients unless otherwise agreed by both parties;

For the purposes of the above,

- i) joint approval will not be required where previously mutually agreed formats of announcements/notifications are used; however, fifteen (15) working days advance notice must be provided by the Active Party to the other party in order to provide all concerned recipients with appropriate notice period unless otherwise agreed by both parties;
- ii) joint approval is required in all cases where previously mutually agreed to formats are not used;

- (e) any program information including signs, plaques, brochures, pamphlets, or other items of program information and cheques shall fully recognize the contribution of both Canada and New Brunswick and shall have the prior approval of both parties. With respect to

cheques, this requirement could be met if a letter or notice fully recognizing the contribution of each party accompanies each cheque;

- (f) both parties recognize the need to provide services to the public, including information and publicity material, such as signs, plaques and announcements in both official languages.

19. TERMINATION

This Agreement shall automatically terminate in the event of, and on the same date as, termination of the Global Agreement subject to funding commitments and other arrangements made hereunder. Such termination shall not alter or terminate commitments, nor arrangements for the administration of occupied stock, made prior to termination of this Agreement, unless otherwise jointly agreed to.

20. AMENDMENT

The schedules hereto may be altered or deleted, or new schedules added from time to time by mutual agreement of the parties. Each party shall notify the other by April 1 of any given year of any proposed amendments to the schedules which may be implemented in the following calendar year.

21. PHASING-IN

Each program covered by this Agreement may be phased-in by arrangements mutually agreed upon between the parties hereto.

22. OTHER PROVISIONS

- (a) The Active Party will make or cause to be made available to the other party all documents, books, records and accounts pertaining to the cost of construction, acquisition, development, renovation and delivery and administration of a project relating to all programs covered by the Global Agreement, for the purposes of operational or financial auditing.
- (b) The parties will ensure that all documents, statements of charges, receipts and files pertaining to any project or program are safely kept as long as required by legal prescription, and in no case for less than seven (7) years.
- (c) Where the Active Party becomes aware of any irregularity or potential legal infraction in the delivery or administration of a program, it shall immediately inform the other party. The Active Party shall carry out all investigations and take all steps necessary to resolve the problem or irregularity, provided that should the other party advise the Active Party of its desire to actively participate in such investigations or other actions, it shall be permitted to do so.
- (d) The parties are jointly responsible for all claims resulting from the application of both the Global and the Operating Agreements, provided that the Active Party shall indemnify and save the other party harmless from any claim, action, dispute or any other matter involving third parties arising from negligence on the part of the Active Party in the delivery and administration of programs and projects.

- (e) All construction activities carried out during the implementation of both the Global and Operating Agreements are to be carried out in compliance with the legislation, regulations and building codes and standards governing each respective level of government.
- (f) Wherever available, Canadian materials, products and human resources must be employed during the implementation of both the Global and the Operating Agreements. All ensuing contracts should be entered into in compliance with both the Canadian and Provincial laws relating to human rights.
- (g) This Agreement shall not be assigned or otherwise transferred by either party hereto.
- (h) In the event of conflict between any provision of this Agreement and any provision of the Global Agreement, the latter shall govern.
- (i) Where applicable, the provisions of this Agreement shall apply to those Rural and Native housing projects covered by this Agreement and financed under Section 40 of the National Housing Act except that, in the event of conflict between any provision contained in this Agreement and any provision contained in the Section 40 agreement, the latter agreement shall govern.
- (j) The Schedules hereto are an integral part of this Agreement.

(k) This Agreement and the attached Schedule A - 1
pertaining to the Non-Profit Housing Program, shall be
deemed to be the project operating agreement referred
to in Section 91.1 of the National Housing Loan
Regulations, for non-profit projects owned by NBHC.

(l) This Agreement and the attached Schedule A - 2
pertaining to the Rent Supplement Program, shall be
deemed to be the agreement referred to in Section 91.1
of the National Housing Loan Regulations, between CMHC
and the eligible contribution recipient, NBHC.

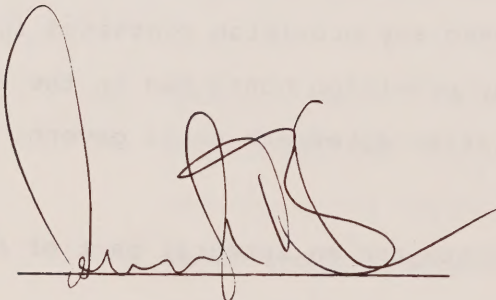
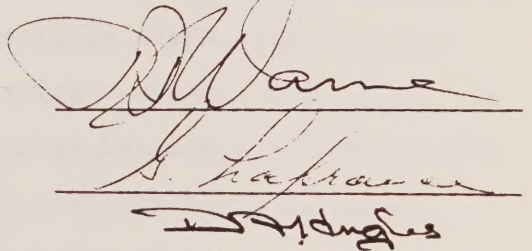
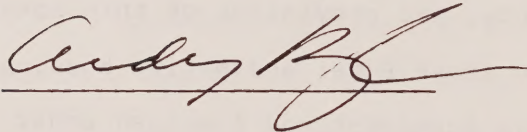
IN WITNESS WHEREOF, the parties hereto have set their hands
and seals in execution of these presents.

Signed at *Fredericton* this *6th* day of *May*
nineteen hundred and eighty-six in quadruplicate.

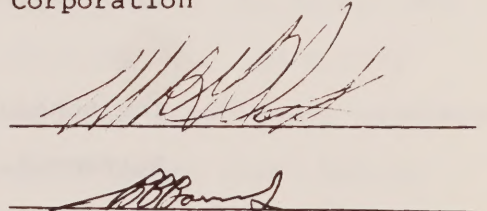
WITNESSED BY:

SIGNED BY:

Canada Mortgage and
Housing Corporation



New Brunswick Housing
Corporation



SCHEDULE C

Calendar for Joint Planning Process

<u>Activity</u>	<u>Date</u>
1. NBHC and CMHC exchange data and information on needs and market conditions by specified geographic area and notify each other of any proposed changes for the upcoming calendar year to the Operating Agreement, including the Schedules. Planning and Monitoring Committee meets to assess needs by program type for each specific geographic area	April 1
2. NBHC submits report to CMHC on determination of need	May 15
3. CMHC advises NBHC of tentative allocations for upcoming 3-year period	May 25
4. The Committee meets to review a proposed level of annual activity by specific geographic area and client type over the three-year period, and to forecast annual budgetary and non-budgetary requirements over this period	June 1
5. NBHC and CMHC each send an advance copy of their respective draft plans to the other for information	June 15
6. Committee meets to review draft consolidated three-year plan	July 1
7. Committee submits proposed plan to NBHC and CMHC for approval	August 1
8. CMHC confirms the budgetary and non-budgetary allocations for year one of the three-year plan.	January 2

1. The purpose of this report is to provide information on the progress of the work done during the period from 1 January to 31 March 1954. The work has been carried out in accordance with the programme of work approved by the Committee on 15 December 1953.

2. The work has been carried out in accordance with the programme of work approved by the Committee on 15 December 1953. The work has been carried out in accordance with the programme of work approved by the Committee on 15 December 1953.

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